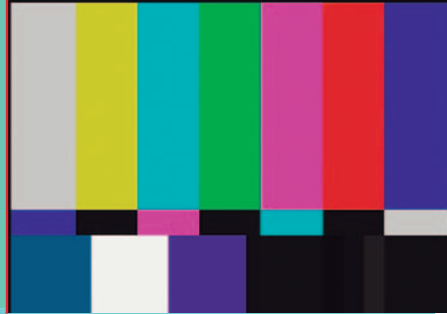



# MEDIA SUSTAINABILITY INDEX

# 2003

*Development of Sustainable Independent Media in Europe and Eurasia*





“The average MP [member of parliament] sees himself as a victim of the press, and he or she requests to be protected by special laws,” said one panel member.



## Introduction

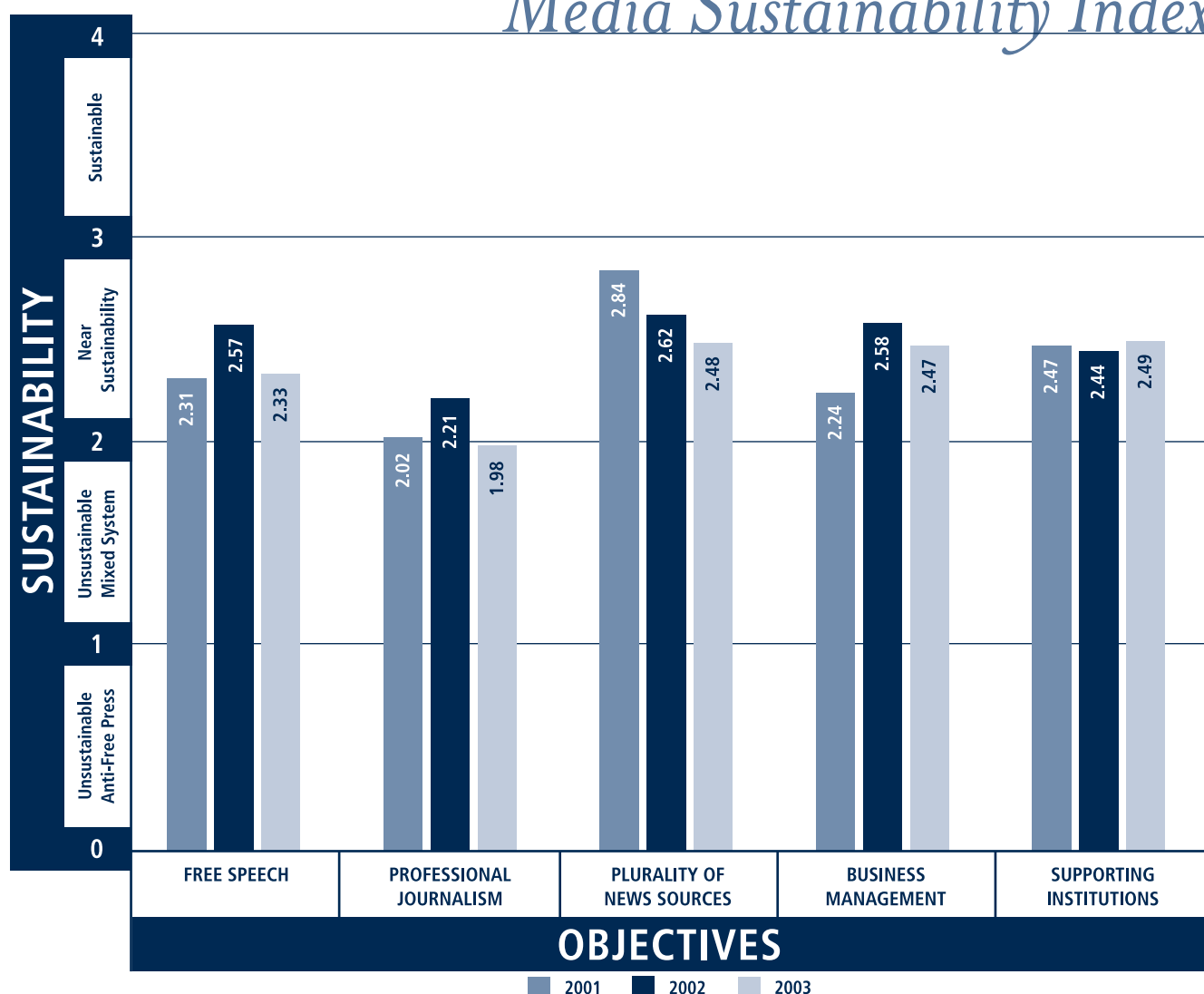
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omania has hundreds of licensed radio and television stations and about 1,000 print outlets for its population of 22 million. However, the media struggle for survival in the nascent market economy. Advertising money is scarce and claimed mostly by television outlets, leaving the print media heavily dependent on direct sales and vulnerable to political pressure. Of particular concern to the Media Sustainability Index (MSI) panel were the threats to freedom of expression detected during 2003. Panelists described the governing Social Democratic Party's strong control over the judicial branch, most administrative functions, and all state resources, and said the media had begun to be a political battleground in the run-up to the 2004 presidential, parliamentary, and municipal elections. With government harassment of independent media already recorded at the end of 2003, the panel predicted that the next year would be even more difficult for Romanian journalists.

The government rules with a slim parliamentary majority, and the elections already dominated the domestic agenda by the end of 2003. Despite recent economic growth, the economy is still weak overall, and in its latest report, the European Commission did not approve "market economy" status for Romania. Although some progress has been made, major reforms still are required. High taxes and frequently changing legislation make business plans unreliable and force many company owners, including those in the media, to guess their way around bankruptcy. Meanwhile, the government has announced that it would like to accede to the European Union (EU) during 2007, closing out the negotiations in 2004.

# Romania

## Media Sustainability Index



### Objective Scoring

The averages of all the indicators are averaged to obtain a single, overall score for each objective. Objective scores are averaged to provide an overall score for the country. IREX interprets the overall scores as follows:

- 3 and above:** Sustainable and free independent media
- 2–3:** Independent media approaching sustainability
- 1–2:** Significant progress remains to be made; society or government is not fully supportive
- 0–1:** Country meets few indicators; government and society actively oppose change

### Indicator Scoring

Each indicator is scored using the following system:

- 0 =** Country does not meet indicator; government or social forces may actively oppose its implementation
- 1 =** Country minimally meets aspects of the indicator; forces may not actively oppose its implementation, but business environment may not support it and government or profession do not fully and actively support change
- 2 =** Country has begun to meet many aspects of the indicator, but progress may be too recent to judge or still dependent on current government or political forces
- 3 =** Country meets most aspects of the indicator; implementation of the indicator has occurred over several years and/or through changes in government, indicating likely sustainability
- 4 =** Country meets the aspects of the indicator; implementation has remained intact over multiple changes in government, economic fluctuations, changes in public opinion, and/or changing social conventions



## Objective 1: Free Speech

### Romania Objective Score: 2.33/4.00

The Romanian Constitution guarantees the freedom of expression and speech. However, a separate article limits this freedom by excluding some information from constitutional protection including, for example, that which “could affect the development of the younger generation” or that which relates to national security.

Insult and calumny remained criminal offenses in 2003. Although the penal code was modified in 2002 so that prison sentences for insult were dropped and sentences for calumny reduced, the government drafted a new code in 2003. And despite protests by domestic and international media advocacy groups, calumny remained a felony punishable by prison. Although no journalists were in jail for such violations in 2003, several received suspended prison sentences. More commonly, journalists are given substantial fines of \$5,000 to \$20,000 that are

registered in their criminal records. The 2003 draft does include some improvements for media freedom, such as allowing journalists the defense of truth if they can prove that the material under challenge is fact-

based. However, the draft is not a priority for parliament, and by the end of 2003 few of its provisions had been discussed. Some MSI panelists expressed concern that the few progressive clauses would be dropped. “The average MP [member of parliament] sees himself as a victim of the press, and he or she requests to be protected by special laws,” said one panel member. This view led to measures restricting media correspondents in parliament, including requiring that they circulate in the building only with escorts. There also were cases in which journalists were expelled from special commission sessions, and these steps against the press represented a rare case in which both the governing party and opposition MPs were united.

The state-run National Council of Broadcasting (CNA) controls licensing in Romania. Operating since 1992, it reports to parliament, and its 11 members are appointed to four-year terms by the president and by legislative bodies. The procedures for licensing are competitive but not transparent; many doubt the fairness of the process and note that the council does not have to explain its decisions publicly. One CNA member accused the regulatory body of favoritism in issuing a license to Realitatea-TV, a minor Bucharest-based television station. Despite poor viewership and low-quality programs, it is seen as an influential news station, and some observers considered its sale a concerted effort by the government to control the station during an election year. In other cases, however, CNA proved more transparent, including when it organized public meetings to discuss political coverage on television.

The Law on Broadcasting was enacted in July 2002 according to EU standards and with broadcasters and some nongovernmental organizations (NGOs) involved in shaping the bill. After adoption, however, the law was changed by the government through an emergency order, leaving the Communications Ministry in charge of allotting the frequencies. The independent regulatory

**“Beginning with the president and the prime minister, everybody thinks they are allowed to be aggressive with the journalists,” said one panel member.**

#### Legal and social norms protect and promote free speech and access to public information

#### FREE SPEECH INDICATORS

- Legal/social protections of free speech exist and are enforced.
- Licensing of broadcast media is fair, competitive, and apolitical.
- Market entry and tax structure for media are fair and comparable to other industries.
- Crimes against journalists or media outlets are prosecuted vigorously, but occurrences of such crimes are rare.
- State or public media do not receive preferential legal treatment, and law guarantees editorial independence.
- Libel is a civil law issue; public officials are held to higher standards, and the offended party must prove falsity and malice.
- Public information is easily accessible; right of access to information is equally enforced for all media and journalists.
- Media outlets have unrestricted access to information; this is equally enforced for all media and journalists.
- Entry into the journalism profession is free, and government imposes no licensing, restrictions, or special rights for journalists.

**“Unfortunately, certain kinds of media companies proliferate,” said one panelist. “They are not profit-oriented, but used as means for exercising the government’s influence, protecting owners’ businesses, and attacking economic and political adversaries.”**

agency outlined in the original law was never created, and the government now has a powerful means of influencing the licensing process. “Technically speaking, the communications minister controls the entire process,” said one panel member. From July 2002 to November 2003, the ministry did not present its strategy for allotting frequencies, prompting protests from operators and owners, and

postponed the extension of some licenses, fueling suspicion that these delays were political blackmail.

Entry into the media market is as difficult as it is for any other business. Taxation is uniformly high, with media and all other products subject to a 19 percent value-added tax (VAT). While a preferential tax system for media existed before the 2000 elections, the new government dropped it in order to meet International Monetary Fund (IMF) requests. The government promised to reintroduce the incentives when the economy improved, but this shift has yet to occur, despite the protest of the Romanian Press Club, composed of media owners and directors. The government did eliminate the local “tax on advertising” of 3 percent, which was viewed as double taxation of media products.

The number of serious crimes against journalists increased in 2003, especially in the final quarter of the year. At least 16 media workers were assaulted in 2003, including Ino Ardelean, a journalist from Timisoara, who was gravely injured. More than 140 journalists signed a petition condemning that attack, but these cases did not elicit much public outrage or government efforts to protect journalists. Many journalists, particularly in the countryside, report harassment, often at the hands of what are described as “government thugs.” “Beginning with the president and the prime minister, everybody thinks they are allowed to be aggressive with the journalists,” said one panel member. Added another, “We can

see a clear aggravation of the media situation, due to the forthcoming election.”

In many regions of Romania, local businessmen and politicians have taken control of the local newspapers and radio and television stations as political pressure on the media intensifies. Some of them openly declare that media bring them votes. Regions such as Teleorman, Calarasi, Brasov, and Constanta lack independent press because all media outlets are owned by local politicians. In areas like Vrancea, Bacau, and Timisoara, local authorities openly favor obedient media outlets. “Unfortunately, certain kinds of media companies proliferate,” said one panelist. “They are not profit-oriented, but used as means for exercising the government’s influence, protecting owners’ businesses, and attacking economic and political adversaries.”

There are no state-owned newspapers in Romania. Romanian Television (TVR) is public and includes one main television channel and three smaller stations. The state also operates four radio channels and the news agency Rompres. State media receive no special treatment in terms of information. However, public outcry emerged in 2003 after the government changed the conditions for paying the subscription fee for public television and radio. The fee was increased, and the state mandated that the electric company would collect the fee, leaving consumers with no option but to pay. Protests by the political opposition, print media companies, and taxpayers about the fee and the editorial independence and quality of the state broadcasters’ programming followed, but the decision stood.

The president and parliament appoint the board of directors for state radio and television. The influence of the political appointments sometimes is apparent in the programming. When the board of National Radio changed after the 2000 parliamentary elections, editorial policy clearly shifted as well. Two respected radio producers resigned from the radio station, claiming management interference. The state television station has not succeeded in becoming an independent and credible public voice. “There is no political will for having an independent public television station. Actually, it remained a state-owned television and not a public one,” one panelist said. State-owned television dominates in rural areas, where nearly half the Romanian population lives, because of poor infrastructure and the viewers’ limited financial resources. More than 2.5 million Romanians watch the news on TVR, a serious incentive for the government to maintain control of the station.

**“We can see a clear aggravation of the media situation, due to the forthcoming election.”**

The national news agency is in a difficult situation. Due to poor management and political control that damaged its credibility, Rom-

pres has lost market share to the privately owned agency Mediafax. In 2001, Prime Minister Adrian Nastase subordinated the news agency to the new Public Information Ministry, making it a government agency and its employees “public servants.” Protest led to passage of a law placing the agency under parliamentary control, but that has not salvaged the agency’s standing and it remains a secondary player in the news market.

The adoption of the Freedom of Information Act (FOIA) in late 2001 represented a step forward, but the implementation process has proven difficult. An unreformed administration and indifferent officials meant that information was not widely available. Despite public campaigns by the ruling and opposition parties, the law was only partially implemented in two-thirds of the government institutions a year after implementation, according to a nationwide survey.<sup>1</sup> Furthermore, the law is not clear regarding the so-called national companies that receive public funds, and some refused to give information.

There have been successful lawsuits seeking enforcement of FOIA legislation. The Romanian Helsinki Committee won a suit against the state prosecutor, granting the organization access to statistical data about phone tapping. “Just having these successful lawsuits represents clear progress,” a panelist said.

In late 2003, however, parliament deputies issued an internal rule prohibiting release of information on public spending for official travel. That gave the legislature two contradictory internal rules, one in line with the FOIA and the other contrary. “The same parliament that voted for the law is classifying the very information that should be public. It looks to me that the parliament did not understand the law’s philosophy,” a panel member said.

Access to international media is unrestricted. However, international publications and programming are very expensive, making it unrealistic even for some medium-sized outlets to rely on foreign sources of information.

<sup>1</sup> “Last Year of Obscurity, First Year of Transparency?” Report by The Romanian Academic Society, [www.sar.org.ro](http://www.sar.org.ro)

**Objective 2: Professional Journalism**

**Romania Objective Score: 1.98/4.00**

Many Romanian journalists do not clearly distinguish between facts and opinions. In turn, readers are conditioned to look for “guidance” in their media products, expecting journalists to present solutions and a way to interpret news. Overall, there is improvement, however: Journalists more frequently provide sources, check them, and present balanced coverage. But too often reports are superficial or rely solely on news agency dispatches or press releases. As a result, Romanian newspapers or newscasts can appear to be a collection of unrelated facts.

Given the fierce competition in a full but struggling market, media outlets often yield to sensationalism. Scandals, crimes, acts of violence, or celebrity events are front-page news. Traffic accidents are featured on the main newscasts of most television channels. With criticism of the ruling party essentially taboo, entertainment is the content of choice. As one panelist explained, “Entertainment became news. After renouncing many sensitive issues, the TV stations have to fill this empty space somehow.”

Cases of corruption are revealed almost every day in the print media. However, investigations are often superfi-

Journalism meets professional standards of quality	
<b>PROFESSIONAL JOURNALISM INDICATORS</b>	■ Reporting is fair, objective, and well sourced.
	■ Journalists follow recognized and accepted ethical standards.
	■ Journalists and editors do not practice self-censorship.
	■ Journalists cover key events and issues.
	■ Pay levels for journalists and other media professionals are sufficiently high to discourage corruption.
	■ Entertainment programming does not eclipse news and information programming.
	■ Technical facilities and equipment for gathering, producing, and distributing news are modern and efficient.
	■ Quality niche reporting and programming exists (investigative, economics/business, local, political).

**“Entertainment became news. After renouncing many sensitive issues, the TV stations have to fill this empty space somehow.”**

bribing a public servant in his ministry; when he was dismissed after months of controversy, it was considered among the first notable successes of Romanian press and civic society in addressing corruption cases. Although panelists expressed concern about the level of professionalism, media have shown the capacity to cover important issues, with the central newspapers playing a clear civic role.

Journalism ethics remain more a seminar topic than a daily standard for the media community. “They know the ethical standards, but they do not pay attention to them,” one panel participant said. Associations and trade unions have proposed approximately 15 different professional codes but failed to find an effective and widely accepted version. In October 2003, the Convention of Media Organizations publicly discussed media corruption for the first time. One panel member estimated that “80 percent of Romanian media are used for the owners’ interests.” There have been several cases of journalists quitting due to editorial censorship. For example, three news managers at Europa FM, the largest private radio station, resigned in April 2003 to protest pressure to alter news content. Similar resignations have occurred at various local television stations such as the local state television station in Timisoara and at Alpha TV station in Petrosani. In each case, local politicians or businessmen pressured the station management to censor certain programs.

Most journalists do not protest their difficult work environments. According to one panelist, “The common journalist knows what he has to write, and he acts accordingly. Those who do not play the game are excluded.” The poor economic and professional status of Romanian journalists limits resistance to outside influence and censorship. The average salary of a journalist hovers at the national average of \$120 to \$130 per month, with journalists at local media earning far less than those based in Bucharest. Only a few of the large publications pay reporters decent wages by Romanian standards (\$250–\$300). Currently state broadcasters tend to offer higher salaries than private outlets. An increas-

cial, and their level deteriorates due to the expense, risk, and time required. There have been exceptional cases, though. One involved charges against a government minister for

ing number of journalists accept “financial support” from political parties or businesses for writing positive articles, or for not writing an article. Everybody seems to know which journalist is supporting which party or politician, and such practices have led to the widespread impression that public trust in the media is declining.

Many media outlets do not officially hire their journalists due to the high taxes employers have to pay for permanent jobs. Instead, journalists are hired part-time or as “contributors,” even if they work in the newsroom. In some media organizations, journalists get paid small fixed amounts taxable to the employers as well as larger “bonuses per article” taxable to the journalist. This system tends to force journalists to focus more on the quantity rather than the quality of their articles. “Also, there is no clear career guide for journalists, and it is impossible for them to know if they’ll have the same job next year,” one panelist said. For many, journalism is a career-starting profession, and most journalists leave after a few years.

Although the news is still the main editorial product of television stations, in the past two years entertainment programs have gained in popularity. The three largest television stations—private Antena 1 and Pro-TV and the state’s TVR—compete to air the best evening newscasts. The private television stations dominate the urban audience, while TVR has its captive rural audience. Other television stations, including National-TV, B1TV, and Realitatea TV, established themselves more firmly in the market in 2003, but they are not yet competitive.

Technical capabilities of media vary greatly, but, as one participant said, “The problem is not the equipment.” The most powerful outlets have digital technology, while more modest operations use outdated technology such as High 8 for television, and tape recorders for radio editing. The high cost of communications drastically limits the access to information for the smaller newsrooms. On average, however, most newsrooms have computers and Internet access. Many rural newspapers have purchased second-hand printing presses from abroad, allowing them to gain in independence what they lose in print quality.

**“The common journalist knows what he has to write, and he acts accordingly. Those who do not play the game are excluded.”**



## Objective 3: Plurality of News Sources

**Romania Objective Score: 2.48/4.00**

Romania has a clear plurality of public and private news sources that began to develop immediately after the December 1989 revolution. The lack of information during the communist era was replaced almost overnight by a vast array of media. Yet, within the past two years, protecting freedom of expression has been a significant problem. The ruling Social Democrat Party (PSD) directly or indirectly controls most of the press, and panel participants agree that this control probably will tighten more as elections approach in 2004.

Before 1989, the Romanian media landscape was composed of national television, national radio (three channels), and two national newspapers. There was a local newspaper for each of the 40 counties. The Communist Party strongly controlled all media. One year after the revolution, there were 1,200 new media outlets. Currently, some 18 Bucharest-based daily newspapers are available. In other cities, there are three to four local daily newspapers. Almost a hundred magazines and monthly publications are nationally distributed.

Private broadcast media have multiplied rapidly since 1993. Antena 1 began to broadcast in the fall of 1993; Tele “7 abc” started in 1994; PRO TV station aired

for the first time in December 1995. They were joined in 1997 by Prima TV. In 2001, two television stations, B1 TV and Realitatea TV, began operations. National television appeared in 2003, and two other national stations will be launched in 2004. Only Antena 1 and PRO TV have

earned significant market share by attracting advertising. Many believe that the advertising market is too small to sustain all current outlets.

According to a National Broadcasting Council (CNA) report, there are 173 operational television licenses in 39 counties and 74 localities. State television has four channels, the first of which is received all over the country and broadcasts mainly news, current affairs, and entertainment. The second state television station airs more educational and cultural programs, while the third, TVR International, keeps Romanians abroad connected to national events and information. In 2002, a new cultural channel opened, but it failed to attract a substantial audience.

During the past 10 years, the government has received 1,808 requests for radio licenses. The CNA granted 361 radio frequencies in 101 localities. In 2003, 295 radio stations were operational. State radio broadcasts on four channels, representing news, culture, youth, and music programming. Traditionally, public radio was more balanced in its reporting than state television and closer to serving as a true public broadcast service. However, its credibility was damaged by the abrupt replacement of the board and the resignations of producers protesting management interference.

More than 40 percent of Romanians are living in rural areas, where the Internet is an undiscovered world. An ongoing government project to connect rural schools to the Internet could help in the future. In rural areas, print publications are not easily affordable. The national average salary is \$130 per month, while a daily newspaper costs up to 15 cents and a weekly or monthly magazine costs an average of \$1. Moreover, the distribution system is rather slow. Newspapers often reach rural villages after more than a 24-hour delay.

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### Multiple news sources provide citizens with reliable and objective news

#### PLURALITY OF NEWS SOURCES INDICATORS

- A plurality of affordable public and private news sources (e.g., print, broadcast, Internet) exists.
- Citizens’ access to domestic or international media is not restricted.
- State or public media reflect the views of the entire political spectrum, are nonpartisan, and serve the public interest.
- Independent news agencies gather and distribute news for print and broadcast media.
- Independent broadcast media produce their own news programs.
- Transparency of media ownership allows consumers to judge objectivity of news; media ownership is not concentrated in a few conglomerates.
- A broad spectrum of social interests are reflected and represented in the media, including minority-language information sources.

**Mediafax is now the main news provider to all public and private media in Romania. However, its prices are rather high at \$300 to \$800 per month. Panel participants mentioned that Mediafax could serve some business or political interests. Since the agency is a part of MediaPro, it is somehow tied up in the financial problems linked to the conglomerate.**

tion Ministry estimates the number of cable subscribers in 2003 at 3.75 millions households, about 51 percent.<sup>2</sup> The real penetration rate could actually be higher due to cable-service theft. Romania has the cheapest cable access in Europe, as a monthly subscription costs around €4. This industry is rather concentrated, 80 percent of it being owned by seven large companies, and distributes more than 40 news and entertainment channels.

Print media are regularly distributed to cities throughout the country. Some papers print two editions each day: one for the most remote cities, and another to be distributed in Bucharest and environs. Publications from the regions have difficulty distributing in Bucharest or in regions other than their own.

Current legislation sets no restrictions on access to foreign media. The only limitations are the high prices. The use of the Internet as a news source is limited, as relatively few people own computers and the costs for access are rather high. Dial-up access is especially expensive due to the former state-owned company ROMTELECOM, which had a monopoly on fixed lines that ended

Anyone with a television in Romania can receive state television; state radio stations are similarly accessible. Urban areas receive other television stations via cable, and during 2002–2003 more cable companies offered service in rural areas. Most people cannot afford satellite dishes, which cost about \$150.

According to statistics presented at the Cable Communication Convention in October 2002, 250 cable companies operate in Romania. The Communica-

in January 2003. Internet cafés are a flourishing business (rates stay at \$.50 per hour), but the number of people with home Internet connections is low. The Internet is used more for e-mail, chat, and games than for information. It is not generally perceived as a source of news, except for media or business professionals.

There are two powerful media conglomerates vying for control of ratings and audiences. One is MediaPro, founded by Adrian Sarbu, a former movie director turned successful media boss. The other is INTACT CORPORATION, owned by Dan Voiculescu, a controversial businessman and politician. Both media companies feature their own television channels via a nationwide network, national radio stations, newspapers, magazines, and distribution and printing firms. However, economic difficulties and the political power of most media owners have allowed even private outlets to be influenced by political and business interests. After the 2000 elections, media generally supported the government, and the prime minister and president became omnipresent figures in the news. Prime Minister Adrian Nastase appeared in many evening newscasts in four or five separate stories. But most of the coverage was superficial, with almost no inquiries concerning official statements or policies. Opposition political figures received far less media attention. The media monitoring agency Academia Catavencu analyzed the political trends of news coverage and showed that most stations referring to the ruling party offered neutral or positive coverage.<sup>3</sup> In contrast, Prima TV broadcasts only negative news about Traian Basescu, the “public enemy” of the prime minister.

The extent of political influence in the media sector is displayed by the activities of several stations. PRO TV, owned by the MediaPro group, has accumulated large tax debts to the state. Yet a permissive tax policy negotiated by the owner appears to explain the lack of government criticism in newscasts. When the Finance Ministry made public the list of firms with debts, all central television stations were represented. The list produced no public scandal, and news coverage remains largely pro-government.

The owner of Antena 1, the second-largest commercial television station, is also the leader of the Romanian Humanist Party (PUR). Until 2003, PUR was a minority partner in the ruling coalition. When PUR decided to quit, the majority PSD party openly admitted that it needed PUR for its media empire. After PUR

<sup>2</sup> <http://www.mcti.ro>

<sup>3</sup> <http://www.mma.ro>

dropped out of the coalition, Antena 1 became more critical of the government.

To counteract this trend, the National Broadcast Council recommended to television stations that they maintain proportional news coverage of two-thirds for the ruling parties and one-third for the opposition parties. Despite its good intentions, the council's mandate still allows interference in the editorial policies of private media. Undaunted, the CNA also started its own monitoring project. Based on a controversial methodology, monitoring revealed that the government party and Adrian Nastase remained the leaders in news appearances. The CNA organized public debates about balanced political coverage, but no official policy was adopted.

There are several active news agencies in Romania. The most important is the privately owned Mediafax. In a matter of years, Mediafax has managed to capture the market away from the public news agency Rompres. Mediafax is now the main news provider to all public and private media in Romania. However, its prices are rather high at \$300 to \$800 per month. Panel participants mentioned that Mediafax could serve some business or political interests. Since the agency is a part of MediaPro, it is somehow tied up in the financial problems linked to the conglomerate. Panel participants described some cases in which Mediafax distributed preferential information or refused to cover some topics. Other agencies such as AM Press, AR Press, and Rom Net have little influence.

There is no hard data on media ownership in Romania, but the public and the media generally know the key players. Only the international media conglomerates that have bought Romanian newspapers declare their shareholding structures. Foreign companies such as Westdeutsche Allgemeine Zeitung and Ringier own four of the top Romanian newspapers. These publications are success stories as far as maintaining editorial separation between the owners and the local management.

There is an obvious tendency to form media conglomerates, and there is no government policy on media concentration. The Broadcast Law stipulates only that one owner cannot have a dominant position in the industry, which means ownership is limited to a 30 percent share of the market. However, state stations are explicitly excluded from this provision. Additionally, an individual or firm can be the main shareholder in only one station, although the print media have no such restrictions. At the local level, most media are politically controlled. The mayor of Constanta, Romania's second-largest city, has a company composed of a local television

station, a newspaper, and a distribution network. In the city of Bacau, the mayor also controls a local media conglomerate.

Recently, he bought the only paper plant in Romania. At the local level, this trend toward consolidation can be even more obvious than at the national level.

The minority press is not restricted in Romania, and 17 national minorities (out of 18 recognized minority groups) have state-subsidized publications. Since some of the minority publications are written in the minority language, this limits the wider distribution. Journalists representing minority media complain about the lack of interest the more established media have in minority issues.

The Hungarian minority—representing up to 8 percent of Romania's population—is a special case. Romanian public television and radio stations have special programs for Hungarians. There are 10 Hungarian-language newspapers, most based in Transylvania, that are run as for-profit businesses. Even Romanian-owned companies operating in predominantly Hungarian regions publish Hungarian-language publications. Sometimes, Hungarian newspapers are quoted by the Romanian media, especially regarding issues dealing with Romanian-Hungarian relations. The Hungarian station Duna TV channel can be received throughout Transylvania.

**There is an obvious tendency to form media conglomerates, and there is no government policy on media concentration.**

## **Objective 4: Business Management**

**Romania Objective Score: 2.47/4.00**

After 1990, printing houses were privatized. The buyers were “insiders” within the press arena: typographers, famous journalists, and other media professionals. As media outlets grew, they acquired their own printing facilities, thereby securing their independence. Healthy competition has resulted. “Generally speaking, business behavior is more professional in supporting industries like printing, than in media outlets,” one panelist observed. “Political pressure is ineffective because there is competition.”

The distribution network operates differently. There are no state-owned print media in Romania.

**“Generally speaking, business behavior is more professional in supporting industries like printing, than in media outlets,” one panelist observed. “Political pressure is ineffective because there is competition.”**

believe RODIPET favors particular clients and deliberately delays returning money from sales to media outlets. Furthermore, the company does not provide newspapers with key data such as how many copies are sold per day and per region. When RODIPET was state-owned, it had a legacy of politically motivated activity. For example, the local RODIPET branch in Vrancea sided with the local authorities against the independent *Ziarul de Vrancea*.

Subscriptions are usually distributed by the Romanian Postal Service. Most subscribers, especially in rural

However, RODIPET, the largest distribution network, was privatized only in December 2003. It reaches throughout the country, even the remote villages. Newspaper executives complain that the company is slow in its delivery, as newspapers reach some areas after delays of up to 48 hours. Some

areas, receive newspapers that are already outdated. To obtain subscription revenues and build reader loyalty, some newspapers have developed their own distribution networks. *Gazeta de Sud*, a local newspaper from Oltenia, managed to distribute 40 percent of its subscriptions through its own network. Private media distribution companies also operate in Romania, reaching many parts of the country.

Printing facilities and distribution networks do not receive state subsidies. RODIPET found itself in disastrous economic shape, and it became one of the last state-owned companies to be privatized.

Romanian media generally are not profit-generating businesses. In an overcrowded market, with a poor consumer base, media outlets struggle to survive. Many owners have other businesses in order to inject funds into their media operations to keep them afloat. “They are looking out for their other interests. They surely do not expect to make money out of media. And this is becoming the usual model, especially for local media,” a panelist said. Most local newspapers are not economically viable, but businessmen sustain them as tools to facilitate business deals, especially when public money is concerned. Many local politicians set up newspapers to improve their image. But these publications are rarely read and do not have the public trust. “There are newspapers generated overnight and printed in only 20 copies. But you can blackmail with such garbage.”

Otherwise, newspapers must rely heavily on sales. Subscriptions account for just a small part of circulation numbers, so newspapers cannot count on steady sales revenues. Moreover, newspapers offer big discounts to encourage subscriptions.

**Many owners have other businesses in order to inject funds into their media operations to keep them afloat. “They are looking out for their other interests. They surely do not expect to make money out of media. And this is becoming the usual model, especially for local media.”**

<b>Independent media are well-managed businesses, allowing editorial independence</b>	
<b>BUSINESS MANAGEMENT INDICATORS</b>	■ Media outlets and supporting firms operate as efficient, professional, and profit-generating businesses.
	■ Media receive revenue from a multitude of sources.
	■ Advertising agencies and related industries support an advertising market.
	■ Advertising revenue as a percentage of total revenue is in line with accepted standards at commercial outlets.
	■ Independent media do not receive government subsidies.
	■ Market research is used to formulate strategic plans, enhance advertising revenue, and tailor products to the needs and interests of audiences.
	■ Broadcast ratings and circulation figures are reliably and independently produced.



Another financial source for Romanian media is advertising. However, because of the economic situation, the advertising market is depressed compared with other countries in the region. ARBOmedia estimated that for 2002, ad revenues accounted for a total of \$119 million for television, print media, outdoor, radio, Internet, and cinema.<sup>4</sup>

There are many advertising agencies active in Romania, including large groups such as Saatchi&Saatchi, Leo Burnett, BBDO, and Young & Rubicam. Despite numerous local agencies, some 80 percent of the advertising money in the Romanian market is circulated by the international agencies. Preference is given to big media with national distribution, while the local media are largely neglected. According to ARBOmedia, less than 5 percent of ad revenues in print media go to local publications. This statistic belies the fact that the combined local media have larger circulation numbers and a greater readership than Bucharest-based publications.

During 2002 and 2003, the state became an important player in the advertising market. Public institutions, public companies, and state-owned companies bought ads, particularly in the print media. Almost daily, newspapers featured promotions for state railways, airports, tourist projects, youth initiatives, and the national communications firm. However, government advertising is a complicated issue. The Romanian Academic Society (SAR) issued a study that revealed that state-sponsored advertising was not a transparent process and a major source of political pressure against the media. Indeed, the SAR study showed that the state had no coherent strategy for promotion, nor was it clear why government initiatives should be promoted through the media. For the most part, public institutions depend more on political influence than on balanced studies of which initiatives need promotion.

State radio and television have three sources of funding: state subsidies, subscriptions, and advertising. Subscriptions to state media are compulsory for all radio or television set owners, whether the “subscribers” tune in or not. In 2003, the government increased this mandatory tax and changed the collection mechanism. Opposition parties, private electronic media, and newspapers protested to no avail. There are no state subsidies for private media, although pro-government media obtains indirect subsidies through privileged advertising. State subsidies are given only to publications belonging to the

<sup>4</sup> <http://www.arbomedia.ro>

18 national minorities recognized in Romania and to some cultural magazines.

Market research is not established in Romania. While polling companies do exist, their research is very expensive, and few media outlets can afford it. Newspapers publish polls and ask their readers to fill in questionnaires, but the results can hardly be seen as professional. Foreign media companies like Ringier, Bertelsmann, Romanian Publishing Group, and VNU-Hearst have conducted market research and continue to monitor their readerships.

The Romanian Audit Bureau of Circulation (BRAT) was founded in 1998 as an independent, non-profit organization. Ernst & Young took over the auditing activities on behalf of BRAT in September 2003. Many advertising agencies require a circulation certificate issued by BRAT as a precondition for any advertising contract, and 173 publications are audited by BRAT. Assisted by the Center for Independent Journalism and the ProMedia II Program, BRAT conducted the National Readership Survey (SNA), the first such study conducted in Romania that met international standards.

A few years ago, several multinational companies reached an agreement to set up a unique ratings system for broadcast media. Two ratings systems emerged, generating market competition. However, the state interfered with this new market by allowing the CNA to select a single rating system that will begin in 2004. A polling institute, IMAS, started conducting research using its own finances. Much of the data issued by various polling firms are not fully trusted by the media industry. Moreover, the head of the IMAS poll institute was appointed by the government to manage the reform of the local authorities. This appointment stirred even more controversy regarding the objectivity of the institute’s research. Similarly, the former head of another polling company, Metro Media Transylvania, is a member of the government.

## Objective 5: Supporting Institutions

**Romania Objective Score: 2.49/4.00**

There are more than 40 media associations in Romania representing publishers, broadcasters, journalists, editors, and distributors. Some of them are professional associations, while others are trade unions. They are both national and local organizations, and some associations of journalists specialize in a certain fields like the environment, health, sports, and photojournalism.

## Supporting institutions function in the professional interests of independent media

### SUPPORTING INSTITUTIONS INDICATORS

- Trade associations represent the interests of private media owners and provide member services.
- Professional associations work to protect journalists' rights.
- NGOs support free speech and independent media.
- Quality journalism degree programs that provide substantial practical experience exist.
- Short-term training and in-service training programs allow journalists to upgrade skills or acquire new skills.
- Sources of newsprint and printing facilities are private, apolitical, and unrestricted.
- Channels of media distribution (kiosks, transmitters, Internet) are private, apolitical, and unrestricted.

The Romanian Press Club (CRP) is one of the most influential media associations. The CRP started as an exclusive club for media owners, publishers, and media directors. Recently, the CRP began admitting editors. And according to CRP internal data, more than 200 individual journalists are members as well.<sup>5</sup> The CRP is active in lobbying the government in business issues relating to the media industry (especially taxation). One panelist explained, "They are powerful people, and the government negotiates with the CRP. But the real outcome is insignificant. Just look at the taxation level." The CRP adopted a code of ethics, which they presented to the journalism community. But the code was not widely accepted, and it has not been enforced. Representing the top executives from the most important media outlets, the CRP enjoys good visibility and tries to pass as the only representative of the media community in Romania.

Frustrated by the CRP, the editors of the local media established other associations. The Association of the Local Newspaper Editors in Brasov and the Association of the Editors in Cluj also try to promote the interests of their members. However, they operate on a smaller scale and consequently have less of an impact. Meanwhile, broadcasters have their own organization, the Association of Broadcasters (ARCA). The association

<sup>5</sup> <http://crp.digiro.net>

does not deal with editorial matters, but concentrates on technical and business issues. ARCA was very successful in bringing the government to allot more frequencies for private broadcasters.

There are many journalist associations, but most of them are low-profile, inactive, or immature.

A couple exist only on paper, including the Association of the Romanian Journalists (AZR). Others function as branches of other local NGOs such as the SUD-EST Regional Centre for Journalism in Galati. The strongest associations are actively involved in issues pertaining to journalism standards, journalists' protection, and professional benefits. The Association for the Promotion and Protection of the Freedom of Expression (APPLE) conducted a program called FREEEX, which monitors the instances of attacks or harassment of journalists. APPLE started an e-community with a membership of more than 300 active journalists from all over the country.

Several trade unions represent the national radio and television media, but few support the private-sector outlets. Some of the existing trade unions have secured benefits for their members such as salary negotiations and holiday bonuses. Over the past year, more trade unions have been established to support the private media. The immediate concern of such groups is improving the work conditions of journalists. The largest unions are the Romanian Journalists' Society, which claims 4,800 members, and The Journalists and Printers Federation, which says it has 1,000. The membership estimates are thought to be exaggerated, however.

There are numerous human rights and civil society NGOs that work in cooperation with the media community to protect freedom of speech rights. The Association for the Defense of Human Rights in Romania—The Helsinki Committee (APADOR CH) is particularly active. APADOR CH and the Media Monitoring Agency published a very useful judicial guide for journalists, with a second edition published in 2003. Other NGOs

**Graduating journalism students are not prepared for media careers. According to one panelist, "The quality of the programs has decreased. The schools want more students, even if that means damaging the quality of the programs."**

like the Pro Democracy Association, the Foundation for the Development of Civil Society, the Romanian Academic Society, and Transparency International–Romania are all active in defending the freedom of expression. In 2003, the EU allocated special funding for supporting the development of the independent press in Romania. This initiative, somewhat unusual for the EU, reflected international concerns about the freedom of expression in Romania.

Twenty-four journalism programs operate within state and private universities across Romania. The average number of students per class is 60, so a large number of “licensed” journalists flood the media market every year. However, graduating journalism students are not prepared for media careers. According to one panelist, “The quality of the programs has decreased. The schools want more students, even if that means damaging the quality of the programs.” Curricula are mostly theoretical, while the faculty is rarely composed of active journalists. Students do not get an opportunity to receive hands-on training, even if they participate in a three-week “practical training” session in professional newsrooms. These internships offer little mentorship, and most students do not know, or do not care, to make the most of their opportunity. Meanwhile, the media market can absorb only a small fraction of the graduates, while the rest go into public relations or other communication-related jobs. The MediaPro group started its own journalism school by offering its students training and positions within the company.

Journalism students have opportunities to study abroad. However, Romanian students are not well informed about exchange opportunities. In other cases, programs ask the applicants to support themselves, which limits the number of eligible candidates. Many of those who study abroad prefer to work for international media or to continue their education rather than return to Romania.

After the closing of the BBC School (June 2001), the Center for Independent Journalism remained the only short-term training provider. The Center provides courses for journalists and journalism students, but also for students in related fields like economics and law. The Center also provides targeted assistance to media outlets. Courses in news production for radio and television, investigative reporting, and photojournalism are in high demand.

Media distribution is changing in Romania. The main printing facility is still state-owned, despite attempts to privatize it. The group that owns the printing facility now has strong links to the ruling political forces. However, many newspapers are adapting to buying

imported newsprint. Many panelists stated that the printing sector now has healthy market competition. The same holds for broadcasting. While broadcasting transmitters are still state-controlled, satellites have made broadcasting far more independent. Cable television distributors are private and distribute a large variety of channels, including national television. Internet providers are also independent.

## Panel Participants

**Brandusa Armanca**, former director, Timisoara branch of Romanian Public Television

**Ioana Avadani**, executive director, Center for Independent Journalism

**Liviu Avram**, head of Investigative Department, *Adevarul* daily, Bucharest

**Liana Ganea**, executive director, Association for the Promotion and Protection of Freedom of Expression (APPLE)

**Zoltan Kovacs**, journalist; director, AGENDA media group, Timisoara

**Alexandru Lazescu**, journalist

**Virgil Nitulescu**, parliamentary expert, Culture, Arts, and Mass Media Commission of the Deputy Chamber

**Manuela Stefanescu**, deputy director, Association for the Defense of Human Rights in Romania–The Helsinki Committee

**Adrian Voinea**, director, SC Media Sud Europa SA media group, Craiova; *Gazeta de Sud* daily, Craiova; Radio Sud, Craiova; Radio Sud, Severin; Radio Promt, Beius

## Moderator

**Cristian Ghinea**, journalist